
PROMOTING ECONOMIC DEVELOPMENT FOR ALL NEIGHBORHOODS

Government alone cannot meet all the needs of children, families, and neighborhoods. A vital economy is critical to providing quality jobs, affordable housing, and vibrant cultural amenities for our citizens. The Mayor's Economic Development Action Plan establishes goals to promote access to housing and jobs, to develop retail hubs and commercial corridors, and to relocate government agencies to the neighborhoods to spur economic development.

During calendar year 2000, the Mayor made progress toward fulfilling several goals in the plan, including:

- Demolishing more than 500 units of vacant and abandoned properties;
- Establishing the DC Marketing Center to attract new and retain current retail and businesses to the District;
- Announcing the first of three major retail hubs to better provide services to residents in their neighborhoods;
- Financing more than 3,000 units of affordable housing;
- Submitting a five-year Workforce Investment Act plan to the U.S. Department of Labor; and,
- Placing 1,000 District residents in unsubsidized private employment.

The Mayor will focus on three primary issues related to community and economic development during FY2002:

- **Implementing a housing initiative** that promotes affordable housing and reduces displacement, converts vacant and dilapidated buildings into new housing, and produces new housing for people of all incomes;
- **Continuing to promote economic development in the District's neighborhoods** by attracting grocery stores and other retail to the city's underserved markets, promoting neighborhood retail along the city's commercial corridors, and moving government agencies into neighborhoods in an effort to spur private investment; and
- **Supporting large-scale economic development projects**, such as the implementation of the Downtown Action Agenda, the creation of the DC Marketing Center to reach out to new employers, and the development of a new Metro Station on New York Avenue.

The Housing Initiative

The Citywide Strategic Plan established nine economic development goals aimed directly at increasing the number of new and rehabilitated housing units and increasing homeownership opportunities in the District.

- Better coordinate with other agencies to maximize the impact of public dollars;
- Make more public property available for housing;

- Establish the Housing Protection Trust Fund;
- Retain and attract new homeowners with low- and no-interest mortgage loans;
- Promote new residential construction with development incentives;
- Promote homeownership with employers and schools through down payment assistance programs;
- Increase mixed-use retail;
- Encourage District employees to purchase homes with down payment incentives and mortgage assistance; and
- Increase the number of Homestead properties, hold homestead lottery and competitive bid sale.

During the fall and winter of 2000, three primary steps were taken to address the citizens' housing concerns:

- A record amount of tax-exempt bond financing was made to the Housing Finance Agency, allowing the agency to support the development of affordable housing across the city. The HFA received an additional \$100 million in tax-exempt bonds, of which \$40 million will fund low cost mortgages and \$60 million will help finance the construction and rehabilitation of 2,300 affordable housing units.
- Several large parcels of land were made available for new housing, especially housing that is affordable to low and moderate-income families. The Mather Building at 916 G Street will also be sold for housing development. The Newseum building on Pennsylvania Avenue will include new housing and \$25 million of the proceeds from the sale of the site will be used to construct additional affordable housing. Developers were asked to propose new ideas for building housing on the Camp Simms site in Ward 7 and the Redevelopment Land Agency requested housing and retail development proposals for the old Wax Museum site near the new Washington Convention Center.
- With new leadership, the Mayor began transforming the Department of Housing and Community Development (DHCD) into a modern, efficient, and productive agency.

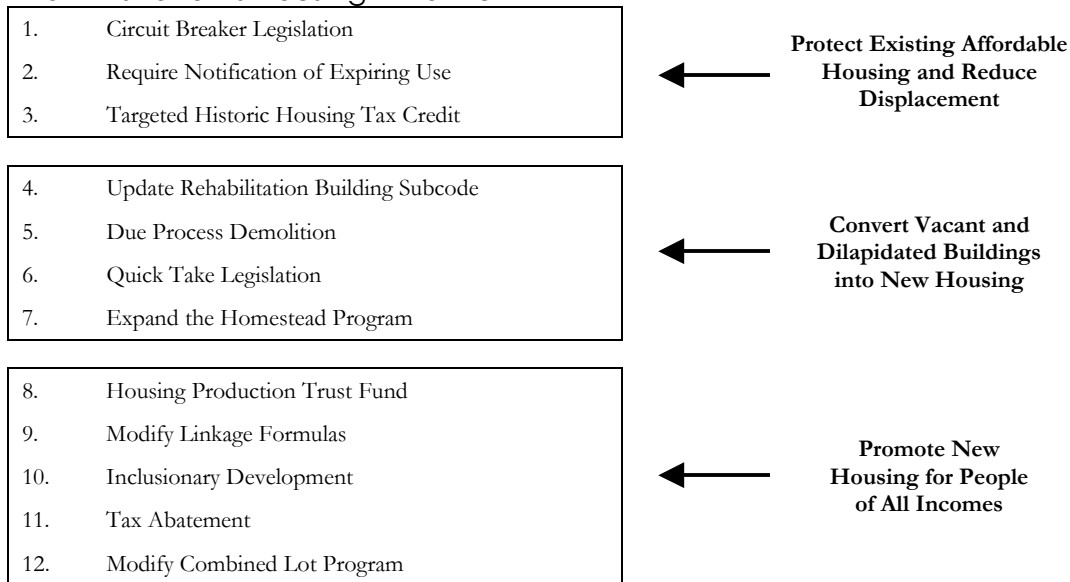
The new housing initiative supplements all of these efforts. The multi-point legislative and regulatory reform package promotes a broad range of housing goals. This section describes the proposals and the challenges that they are intended to address.

Protecting Affordable Housing and Reducing Displacement

The District's economic resurgence has brought new life and opportunities to the City and its neighborhoods. At the same time, however, the revival has brought pressures on the housing market, especially on affordable housing. Long-time residents are seeing their rents and property taxes increase, sometimes forcing them to move to new communities. The rising property values and construction costs make it difficult for affordable housing developers to finance new projects. At the same time, owners of existing federally subsidized rental housing projects are looking at the booming real estate market and are considering converting their properties to market-rate housing.

In 2001, the administration will convey the following legislation to the Council to address these critical displacement issues.

Figure 6-1
Administration's Housing Initiative



Circuit Breaker Act of 2001. Utilizing a mechanism often referred to as a “circuit breaker,” this bill abates a percentage of the increase in real estate taxes for low- and moderate-income homeowners, if the assessed value of their property increases more than 10 percent in a year. If the homeowner has lived in the home for 10 to 20 years, then 50 percent of the increased taxes will be abated. If the homeowner has lived in the home for more than 20 years, then 75 percent of the increased taxes will be abated. This proposal would be implemented in fiscal years 2002 and 2003.

This proposal is similar to the successful “circuit breaker” already in District law for elderly homeowners. It will protect long-time residents living in rapidly developing neighborhoods from being priced out of their homes by rising property values and real estate taxes. This legislation will minimally impact District revenues because it defers tax increases, not current receipts.

Preservation of Affordable Housing Act of 2001. This bill requires owners of federally funded affordable housing projects to notify the District and tenants nine months prior to opting out of the program. Owners opting out of an existing one-year extension must notify the District and tenants five months prior to expiration. Although this provision is similar to other federal and local laws, this proposal will ensure the requirement applies to all expiring use projects and will maintain the requirement even if federal notification requirements change. One report suggested that between 1998 and 2004, approximately 10,000 units became or will become eligible for opting out of the section 8 project based program.

Historic Preservation Income Tax Credit Act of 2001. This bill provides an income tax credit to moderate- and middle-income families living in certain historic neighborhoods. The tax credit is equal to 25 percent of a homeowner’s costs for rehabilitating the home to meet historic rehabilitation standards. Homes in historic districts primarily east of 14th Street, N.W. and Mount Pleasant would be eligible for the tax credit. The proposal attempts

to make the tax credit attractive to secondary markets by making them transferable, and it allows homeowners who cannot use the full amount of the tax credit in a single year to carry over the tax credit for five years. Credits are available only for substantial rehabilitation – work costing at least \$20,000 over a 24-month period and no more than \$200,000 over five years.

More than two-thirds of the states across the country offer tax credits or tax abatements for the rehabilitation of historic residential property. Based on other states' experiences, DHCD estimates that between 50 and 100 households might use the tax credit every year, for an estimated annual cost of \$1,875,000. This incentive will help moderate and middle-income households rehabilitate their homes, while also preserving the historic nature of the District's neighborhoods. This proposal would be implemented in fiscal years 2002 and 2003.

Converting Vacant and Dilapidated Buildings into New Housing

A drive around Washington's older neighborhoods reveals an abundance of abandoned, dilapidated buildings and vacant lots. One estimate suggested that there are as many as 4,800 vacant or abandoned buildings in the District. Although these properties are a nuisance today, they can be valuable assets for community development. However, the city needs better tools to convert these properties into housing opportunities. In addition, many developers find the city's building subcode and inspection process too inflexible and limits their abilities to rehabilitate the city's older buildings.

In 2001, the administration will propose the following to address these development issues:

Update the Rehabilitation Subcode. The Department of Consumer and Regulatory Affairs (DCRA) will establish a committee of housing and construction experts to recommend modifications to the District's building code to make it easier and more predictable for developers to substantially rehabilitate older buildings.

Several other jurisdictions, including New Jersey and Maryland, have established rehabilitation subcodes to facilitate the reuse of older homes and commercial buildings. The new subcode will, for example, ensure that the replacement of a building's system does not trigger the need to completely replace other systems, a common and costly action that makes developers shy away from rehabilitating vacant downtown buildings. New Jersey's new subcode saves 10 - 40 percent off the pre-code cost of redeveloping old buildings. After the adoption of the new building rehabilitation subcode, total rehabilitation spending increased in Trenton, Newark and Jersey City by 40, 59 and 83 percent, respectively.

Due Process Demolition of Deteriorated Structures Amendment Act of 2001. This bill will provide DCRA the authority to quickly demolish deteriorated and vacant properties. The Historic Preservation Review Board will continue to protect all potentially historic buildings. DCRA will be required to notify all interested parties of the repair or demolition. The interested parties will have 30 days to seek judicial review of the notice or to develop a rehabilitation plan. Prior to demolition, DCRA will be required to send all interested parties a final notification. The demolition costs will automatically become a lien against the property.

Acquisition and Disposal of Abandoned or Deteriorated Property Act of 2001. This bill modifies DCRA's authority to acquire and dispose of abandoned and deteriorated

properties. Rather than attempting to recreate a new condemnation process for abandoned and deteriorated properties, the proposal references existing statutes and procedures that have been Constitutionally tested. The proposal also more clearly defines “abandoned property” and “deteriorated property” by referencing objective criteria to ensure its defense in District Court. Rather than require a plan for the disposition of the properties, the Mayor proposes giving the District more flexibility to dispose of the property as necessary, such as the Homestead Program or selling the property to a neighbor who will convert the land into a side lot. The proposal also eliminates the whole block remedy because, unlike Philadelphia and Baltimore, it is unnecessary in the District of Columbia.

Expand the Homestead Preservation Housing Program. This bill authorizes DHCD to sell properties in its Homestead Housing Preservation Program to individuals that will develop them as rental properties, rather than just selling them to prospective homeowners. The proposal also authorizes the establishment of a Repayment Fund for Homestead loans, so that program income is recycled directly back into the program. It also authorizes DHCD to consider unsolicited proposals for Homestead properties.

Promoting New Housing for People of All Incomes

The District’s fiscal stability depends on a strong economic base, which means attracting new taxpayers back into the District. Rising land values and market dynamics primarily support development for upper income markets. Absent public subsidy, new residential developments are nearly impossible to develop in mid-market areas, especially for low- and moderate-income families. Zoning regulations make it difficult for developers to build housing in the downtown area. At the same time, construction costs are increasing and homeowners are having difficulty maintaining their properties, especially in historic neighborhoods where the housing stock is older and more expensive to rehabilitate.

In 2001, the Administration will propose the following to address these issues:

Housing Production Trust Fund Act of 1988 Amendment Act of 2001. This bill will expand the income eligibility for the Housing Production Trust Fund to include beneficiaries of the District of Columbia Housing Finance Agency. It also will direct approximately \$7.5 million in taxes a year to the Fund from the recordation and transfer taxes, an amount which will be matched by the private sector through the linkage program. Finally, the bill adds a nonprofit developer’s pre-development grant to the list of products offered by the Fund. This proposal would be implemented in fiscal years 2002 and 2003.

The District’s Housing Production Trust Fund has been woefully underutilized; since 1989, only four loans have been disbursed. DHCD anticipates that the new sources of revenue and the increase in income eligibility will dramatically expand the Fund’s usage. The changes will remove regulatory obstacles to the use of funds, permit greater leveraging between DHCD and the DCHFA, and support the development of housing that is affordable to all working families. DHCD estimates that, on average, it provides \$15,000 in subsidies for each newly constructed or rehabilitated unit of housing. With the infusion of \$7.5 million in public funds and \$7.5 million in private funds, the Fund will be able to subsidize about 1,000 new units of housing each year.

Modify the District’s Linkage Policy. This proposal modifies the formula used to determine how much money a developer can contribute to the Housing Production Trust Fund in lieu of building affordable housing. Developers would be required to pay a dollar

amount per square foot, such as \$3-4, to the Fund. Developers would be required to pay at least 50 percent of the fee before receiving a building permit and the remaining amount before a certificate of occupancy is awarded.

Linkage policies require commercial developers who request zoning approvals or street and alley closings to support affordable housing, either through a payment to the District or in-kind services. Zoning approvals include any relief that is granted under the Zoning code for items such as zoning variances and Planned Unit Developments. Linkage policies attempt to bring the success of downtown commercial development to new affordable housing in residential neighborhoods.

The current linkage formula contains loopholes for developers, discourages contributions to the Housing Production Trust Fund in favor of in-kind development, and does not fully address the impact of commercial development on the affordable housing market. This proposed modification will address these shortfalls.

Establish an Inclusionary Development Policy. This proposal will require multi-unit housing projects that request zoning relief, request a street or alley closing, are built on city-owned property, or are publicly financed to set-aside at least 10 percent of the units for moderate- and middle-income families. In lieu of setting-aside 10 percent of the units, developers may build 15 percent of the units off-site or may contribute the equivalent value to the Housing Production Trust Fund. There will be minimal fiscal impact on the District's budget.

New Residential Development Tax Abatement Act of 2001. This bill would abate 50 percent of the real estate taxes for all new multi-unit housing projects in eligible areas for ten years. The proposal will also abate 75 percent of real estate taxes for ten years for all housing projects in which of the ten percent units are occupied by low- and moderate-income families and abate 100 percent of real estate taxes for ten years for all new housing projects in which 20 percent of the units are occupied by low and moderate-income families. This bill will also abate 50 percent of the real estate taxes for all new or substantially rehabilitated owner-occupied homes in Enterprise Zones for five years and phase-in the taxes over five years until all taxes are paid in year ten. This proposal would be implemented in fiscal years 2002 and 2003.

Modify the Combined Lot Program. Under this zoning regulation modification, rather than require a certificate of occupancy on the receiving site before construction on the sending site can begin, the District would place a covenant on the receiving site for housing and escrow a deposit that could only be accessed when a building permit has been issued for the housing.

Neighborhood Amenities and Commercial Corridors

Beyond the commercial office buildings in downtown and the memorials and museums along the Mall, lie the District's diverse neighborhoods where families live, learn, shop, and play. In order to improve the quality of life for the residents, the Mayor intends to strengthen the economies and improve the retail amenities available in the neighborhoods.

The Citywide Strategic Plan established a series of goals and steps to bring development to city neighborhoods. One of the action steps directed the Department of Housing and

Community Development to help assemble sites for major stores and other related amenities. The plan also directed the Deputy Mayor for Planning and Economic Development to relocate approximately one million square feet of office space to the neighborhoods and to establish three major retail hubs in centrally located areas to serve multiple neighborhood clusters.

During FY2002, these goals will be addressed by bringing grocery stores to neighborhoods, by implementing a DC Main Street Program, and by moving government office space to the neighborhoods.

Opening Grocery Stores in the Neighborhoods

Neighborhoods in the District lack convenient shopping venues for reasonably priced groceries and merchandise. Residents are often forced to choose between shopping in small stores with little selection and high prices and traveling to Maryland or Virginia to purchase goods. During 2000, steps were taken to bring two grocery stores East of the River when commitments were obtained for stores at Camp Simms and East Capitol Dwellings. K-Mart, Giant Foods, and Home Depot are committed to moving to a proposed shopping center on Brentwood Road Northeast.

Grocery stores not only fulfill basic consumer needs. They also serve as important social and economic centers. Grocers generally locate near major transportation centers within relatively densely populated areas. Such locations are associated with frequent consumer visits, which tend to stimulate the development of ancillary business services, such as restaurants, banks, boutiques, professional offices, and small shops, which together create centers of consumer and employment opportunities.

The challenge is to fulfill the promise of introducing new retail to underserved neighborhoods. In order for the Brentwood Center to open in spring 2002, construction must begin by the late spring of 2001. Many hurdles must be overcome as several agencies coordinate their activities through the Large Tract Review process, including the issuance of construction permits, approval of storm water maintenance plans, rezoning hearings, formal site acquisition, street closings and dedications, and complex land exchanges with the U.S. Post Office and Washington Metropolitan Area Transit Authority (WMATA). Completing a project of this magnitude in a very short period of time will send a strong message to the retail community that the District is indeed open for business and to the citizens that nobody will be left behind.

The completed shopping center could provide 800 new jobs. In addition, the building of the center will create construction employment opportunities. Once operating, the retailers will need locally provided services and suppliers for such things as security, maintenance, and landscaping. Convenient day care facilities for children of employees will be an important consideration.

The Brentwood Center not only will provide jobs and services to the community, but also will bring millions of dollars in tax revenue to the city. The site currently generates no tax revenue for the District, but in the future it is expected to generate sales and property taxes of over \$5 million a year.

The center will serve as a catalyst for more development along the Rhode Island Avenue corridor, improving the quality of life for residents in the surrounding neighborhoods.

WMATA has released an RFP on its adjacent property, and the expectation is that complementary retail will be a part of the development options for that site.

DC Main Street Program

At one time, the District was full of vibrant neighborhood business districts that provided citizens centralized places to shop and congregate. In recent decades, retail areas on H Street and 8th Street, on Georgia Avenue, in Mount Pleasant, in Anacostia, and in Brookland have fallen into disarray as national marketing trends changed. In order to revitalize the city's older traditional retail centers, a comprehensive program was launched to reposition these neighborhood business districts, so they can capture a greater share of their local market and begin to compete more effectively with suburban retail locations. The program is based on a national model designed by the National Trust for Historic Preservation, known as the Main Street Program.

Main Street is a comprehensive strategy that provides merchants and community residents with tools and information to position neighborhood commercial districts to compete in today's market. The program is based on the trademarked Main Street Four Point Approach:

- **Organization.** Structuring partnerships among the broad range of groups and individuals that need to work together to achieve the commercial district's revitalization.
- **Design.** Improving the appearance and functionality of the commercial district—the buildings, storefronts and signs, the streets and sidewalks, the convenience of parking, the level of cleanliness, and the perception of safety.
- **Promotion.** Telling the unique story of each commercial district to its internal and external markets, including residents, visitors, and investors.
- **Economic Restructuring.** Expanding the commercial district's economic base by retaining existing businesses and, when appropriate, helping them to expand; by recruiting new businesses; and by introducing new economic functions into the commercial district.

The Main Street approach has proven successful because it can readily be adopted to fit the strengths and opportunities in each commercial district. In Boston, for example, the Main Street program has created more than 2,000 net new jobs, almost 250 net new businesses, and has seen over \$19.9 million in private reinvestment since 1995. The City of Boston invested an additional \$86 million in infrastructure investments and capital improvements in the targeted neighborhoods, which are some of the most distressed neighborhoods in the city.

The Office of the Deputy Mayor for Planning and Economic Development intends to establish a citywide Main Street office by summer 2001 and will select the initial six neighborhood Main Street programs by fall 2001. The citywide program will help publicize the program, develop linkages between various city agencies and departments and the small business community, foster partnerships between large employers and selected Main Street neighborhoods, and provide technical assistance to the selected Main Street neighborhoods. The National Main Street Center will be contracted to raise awareness about the Main Street approach to neighborhood revitalization, help select the first round of neighborhood Main Street programs, provide on-going technical assistance and training to the citywide and

neighborhood staff, work with the citywide office and the selected neighborhoods to develop comprehensive work plans, and evaluate the selected neighborhood Main Street program.

The citywide Main Street program will require a budget of \$600,000 to \$800,000, in FY2001 and FY2002. New neighborhoods are designated, additional staff may be needed. The contract with National Main Street Program will cost approximately \$200,000 in the first year.

Each neighborhood Main Street program should have a budget, either cash or in kind, ranging from \$100,000 to \$140,000. A substantial portion of the funds will be raised from neighborhood sources, to increase the buy-in from local leaders. Sources of funding may include federal block grant money, local appropriations, funds from a corporate buddy program, revenues from locally produced special events, and from grant or fee-for-service arrangements. Based on other urban Main Street programs, a significant portion of the funding for the new neighborhood programs will likely come from funds administered by DHCD. But every neighborhood seeking Main Street designation may not qualify for DHCD funds, so alternative funding strategies will need to be developed.

Government Centers

In an effort to spur economic development in the neighborhoods, one million square feet of government facilities were proposed to be moved to up to six neighborhood sites. Two of the moves include:

- The Department of Motor Vehicles relocation to the Georgia Avenue/Petworth Metro Station at Georgia and New Hampshire Avenues, NW, and
- The Department of Employment Services relocation to the Minnesota Avenue Metro Station at Minnesota Avenue and Benning Road, NE.

The new government centers are a stimulant to neighborhood commercial revitalization. The location of the government centers sends a clear message to private investors of the city's long-term commitment to revitalizing and maintaining these commercial corridors. The relocation helps replace blight and slum with stability through direct economic investment. The public investments encourage reinvestment of owners of existing businesses and property. The development brings job opportunities to the neighborhood. Neighborhood security improves because there are more "eyes" on the street. The investments will attract some employee homebuyers who want to live near their work. It can increase the neighborhood's visibility and exposure to people from other parts of the city. The investment can also create a focus for development or retail and service establishments to serve neighborhood residents.

- New retail space developed within the government centers and in the surrounding area will offer new shopping options to the neighborhood residents, allowing them to spend more of their dollars closer to home. The new government centers and nearby developments are projected to generate more than \$50 million in new retail sales.
- New business will be attracted to the improved business and physical environment around the new government centers, as well as the increased pedestrian activity. The improved business and physical environment is expected to generate an additional 40,000 to 55,000 square feet of new office space.

- The employees of the new government centers are expected to be interested in purchasing or renting housing in the areas around the government centers. The number of new households attracted to each area ranges from 22 to 59 households, resulting in development of 11 to 33 new housing units in each area.
- The government centers will generate 620 to 1,355 new permanent jobs, as well as 2,159 to 2,338 person-years of employment during the construction period. Area residents will be able to better compete for and retain the new jobs because they won't have the burden of a lengthy commute.

Supporting Large Scale Economic Development Projects

The District is experiencing notable economic growth, led primarily by office, retail, and entertainment investments in the central business district. Significantly, however, investors and retailers are showing new interest in emerging economic opportunity areas, such as the Washington Navy Yard, historic Anacostia, and the near downtown areas of North of Massachusetts (NoMA) and Columbia Heights. The economic development plans envision linking the successes of downtown to these emerging markets.

The goal of the large-scale economic development initiative is to identify appropriate financial tools and establish a social and economic environment that stimulates increased private investment. There are a few places in the City that share the competitive advantages of already developing areas, but have not yet captured the interest of developers, investors and retailers.

This section describes three examples of the efforts to support large-scale economic development projects. NoMA includes two developments that exemplify these efforts: bringing housing to the Mount Vernon Square area and the planned New York Avenue Metro Station. This section also highlights how the DC Marketing Center will attract new employers to the District.

Mount Vernon Triangle and the Old Washington Convention Center

On November 14, 2000, Mayor Williams issued the "Downtown Action Agenda," a five-year strategic blueprint to guide public and private actors in shaping downtown development. In his announcement, the Mayor made the creation of new downtown housing a top priority for his administration. The Agenda declared that downtown housing can be a significant catalyst for urban revitalization because downtown residents increase pedestrian traffic and support shops, restaurants, cultural facilities, and businesses in the evenings, on weekends, and during off-seasons when office workers and visitors have gone home.

Table 6-1
Housing in Mt. Vernon Triangle --
More than 1,500 units under construction or planned

Location	Status	Estimated Square Feet	Number of Units	Project Type
9 th St & G St	Under Construction			Commercial
Mt. Vernon Square	Under Construction	2,100,000	-	Commercial

5 th & Massachusetts Ave	Planned	400,000	450	Residential
770 5 th Street, NW	Planned	224,000	220	Residential
7 th St, NW & H St, NW	Planned	600,000	173	Mixed Use
701 E St, NW	Planned	170,000	172	Hotel
4 th St, NW & K St, NW	Planned	-	450	Residential
400 New York Ave, NW	Planned	-	47	Hotel
K St & New Jersey, NW	Planned	131,000	127	Residential
916 G St, NW	RFP	73,000	73	Residential
5 th St, NW & Massachusetts	Proposed	-	-	TBD
5 th & I St	Potential RFP	-	-	TBD
Total		3,567,000	1,585	

Source: DC Office of Planning, November 2000

In 1982, the “Living Downtown Plan” established a target of 12,500 housing units in downtown. Currently, there are only about 3,300 units in the downtown, or 26 percent of the goal, although zoning provides for an additional 2,100 units south of Massachusetts Avenue and 5,500 units north of Massachusetts Avenue. These 7,600 units could add more than \$30 million annually to District revenues.

Two projects exemplify efforts to produce large-scale housing development projects in the Mount Vernon Square area.

- **The old Wax Museum site at the corners of 5th and K Street, NW** provides more than three acres of contiguous developable land. The Wax Museum was demolished more than 30 years ago and a parking lot has remained despite promises of urban renewal. In January 2001, the Redevelopment Land Agency (RLA) Board approved an RFP to develop the lot into at least 400 units of housing and 40,000 square feet of retail. Developers were encouraged to provide affordable housing and space for artists to live and work. The RLA Board hopes to see high quality proposals with innovative designs to make NoMA a premier destination for downtown living.
- **The old Washington Convention Center sits just off the Southwest corner of Mount Vernon Square.** As the new Washington Convention Center is constructed, planners are beginning to consider the possibilities for the three large city blocks on which the old Center sits. The sites will likely be a mix of uses, including housing that will support the Mayor’s vision of an 18-hour downtown, where residents live and play, not just work from 9:00 to 5:00.

Both of these large-public projects will help leverage Mount Vernon Square’s competitive advantages as a destination for downtown housing. Through careful planning and prudent public investments, the disposition of these public assets will act as catalysts for economic development and private development throughout the neighborhood.

New York Avenue Metro Station

As the expansion of downtown moves eastward, and with the development of the NoMA initiative, it is imperative that this area be serviced by efficient rapid transportation. Businesses such as Qwest and XM Radio have come to this neighborhood in anticipation of this key amenity. The Bureau of Alcohol, Tobacco and Firearms, with 1,100 employees, is planning to locate its headquarters adjacent to the site. The timely construction of the

station is a must for continued economic development of the area. Just as important, the residents of the Eckington, Truxton Circle, Bloomingdale, and Ivy City neighborhoods will have easier access to jobs inside and outside the city.

With the addition of these new offices, hotels will be attracted to serve both visiting business people and vacationing families. Retail and restaurants will also be attracted to the area, creating services and amenities that the surrounding neighborhoods have sorely lacked for an extended period of time.

The Metro station is planned to be operational by August 2004. In order to ensure that the project moves forward expeditiously, a Special Assessment District is being created during 2001. Landowners in the surrounding area who benefit from the presence of the station will contribute to the costs of construction in a model expression of public-private partnership.

Marketing Center

As a municipal jurisdiction that is not part of a county or state entity, the District of Columbia has lacked an overall marketing and economic development strategy that promotes the District as a good business environment. These outreach efforts are typically coordinated by a county or state economic development authority, or at a minimum, city government. This has not been the case with Washington, DC in past years. Recognizing this vacuum in business retention and attraction efforts, the District Government has partnered with other public and private business stakeholders to create The Washington, DC Marketing Center to promote the District and its business advantages and opportunities to local, regional, national and international markets.

The purpose of the Center is to enhance the economic vitality of the District and its residents through marketing initiatives, business retention programs, business attraction efforts, and the dissemination of information.

Created as a public-private partnership, the Center can generate business leads and opportunities that the District government can then further develop. It can also serve as the first line of contact with the public, business prospects, and developers who are seeking information about doing business in the District. The Center facilitates development, cultivates business opportunities, and creates partnerships that will result in increased economic development activity in the District.

The Marketing Center's Primary Goals are:

- To promote and market the District's high quality of life and excellent business environment;
- To market the business development opportunities and incentives in the District;
- To encourage existing businesses to stay in the District and expand their facilities when possible;
- To attract new development to the District in all market segments and core industries;
- To serve as a one-stop information shop that provides demographic and business development information to prospects; and
- To research and understand the District's core economies so they can be encouraged to grow and be effectively marketed.

The Center's work program and strategic plan reflect these goals and the purpose of enhancing the economic vitality of the District. The Center has an annual operating budget of approximately \$1.3 million, to which the District government has contributed \$1 million for FY2001. Another \$1 million is proposed in the FY2002 budget. Other stakeholders contribute financially or through in-kind services.

Conclusion

The administration's policy and budgetary priorities discussed above help promote community and economic development without dramatically impacting the District's budget. In FY2002, the administration needs support to implement a housing initiative, to promote economic development in the District's neighborhoods, and to support large-scale economic development projects. Steps to address future economic development issues must also be discussed.

In order to protect affordable housing and create new housing for all people, regardless of income, new ways of encouraging private investment must be developed. Targeted real property tax relief will encourage private development throughout the neighborhoods, and overtime will dramatically increase future tax revenues by encouraging residents to move back into the District.

New ways of revitalizing the District's older commercial corridors by encouraging continued and private investment must also be explored. This investment must be based on revitalization strategies developed for each neighborhood district by private community leadership. This will allow the District government to target its assistance and support in ways that are sustainable at the local level.

The federal government also has a role in supporting the District's economic development. Capital investments into the city's infrastructure, such as the New York Avenue Metro Station, and expanded tax-exempt bond authority are helpful steps. But there are others and discussions must continue about how the federal government and the District government can work together to promote economic development for all neighborhoods.